

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7416

BILL NUMBER: HB 1873

DATE PREPARED: Mar 30, 2001

BILL AMENDED: Mar 29, 2001

SUBJECT: Hospice.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill requires the Office of Medicaid Policy and Planning (OMPP) to apply for a federal waiver to reimburse hospices for room and board services at a rate of 95% of the average case-mix per diem reimbursement rate for Medicaid payments in effect for health facilities licensed under IC 16-28 as of July 1 of each year for patients who: (1) reside in a hospice facility; (2) receive a routine home care level of care; and (3) are eligible for Medicaid. The bill requires OMPP to report the decision of the federal government regarding the waiver to the Governor and the General Assembly. The bill also provides that OMPP may not implement the waiver unless the General Assembly approves the implementation and appropriates funds.

The bill also requires the State Department of Health to conduct annual surveys of hospices until July 1, 2003, and to adopt guidelines to survey hospices every one to three years after July 1, 2003. The bill specifies criteria that the State Department of Health must consider in establishing guidelines regarding the survey of hospice programs.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) This bill requires OMPP to apply for a demonstration waiver to provide a per diem reimbursement for room and board to free-standing hospice facilities for eligible individuals in the Medicaid hospice program. The bill provides that the waiver may not be implemented unless the General Assembly both approves the implementation of the waiver and appropriates funds for its implementation. Any fiscal impact will depend upon administrative and legislative actions by the state and federal governments.

Background: Should the waiver be approved by the federal government and the General Assembly, the estimated cost to the state of providing room and board reimbursement in hospice in-patient facilities is estimated to be about \$20,000 to \$50,000 annually. This is based on an assumed 76 to 94 individuals annually choosing to receive hospice care in a hospice facility rather than in a nursing home. This also

assumes that federal reimbursement will be provided through the Medicaid waiver. (Federal reimbursement would range from \$30,000 to \$80,000.)

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal financial participation in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP.

Local Agencies Affected:

Information Sources: Kathy Gifford, OMPP, (317) 233-4455.